



UNIVERSITY OF
REGINA

**Pension Plan for the Academic and Administrative
Employees of the University of Regina**

Financial Statements

For the Year Ended December 31, 2008

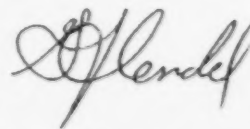
AUDITOR' S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets available for benefits, accrued pension benefits and surplus of the Pension Plan for the Academic and Administrative Employees of the University of Regina as at December 31, 2008 and the statement of changes in net assets available for benefits and changes in accrued pension benefits for the year then ended. These financial statements are the responsibility of the Plan's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits, accrued pension benefits and surplus of the Plan as at December 31, 2008 and the changes in net assets available for benefits and changes in accrued pension benefits for the year then ended in accordance with Canadian generally accepted accounting principles.



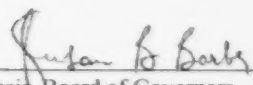
Regina , Saskatchewan
June 5, 2009

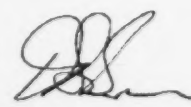
Fred Wendel, CMA, CA
Provincial Auditor

**Pension Plan for the Academic and Administrative
Employees of the University of Regina
Statement of Net Assets Available for Benefits,
Accrued Pension Benefits and Surplus
As at December 31**

	2008	2007
Assets		
Investments:		
Master Trust fund (Note 5)	\$ 221,728,814	\$ 269,876,152
Receivables:		
Employee contributions - Defined Benefit Plan	112,419	117,214
Employer contributions - Defined Benefit Plan	115,937	116,240
Employee contributions - Defined Contribution Plan	258,457	522,347
Employer contributions - Defined Contribution Plan	255,582	229,151
	<u>742,395</u>	<u>984,952</u>
 Total assets	 <u>222,471,209</u>	 <u>270,861,104</u>
Liabilities		
Accounts payable	<u>874,408</u>	<u>1,183,581</u>
 Total liabilities	 <u>874,408</u>	 <u>1,183,581</u>
 Net Assets Available for Benefits (Statement 2)	 221,596,801	 269,677,523
 Accrued Pension Benefits - Defined Contribution Plan (Note 4)	 40,133,159	 41,951,000
Accrued Pension Benefits - Defined Benefit Plan (Statement 3)	<u>163,536,000</u>	<u>165,818,000</u>
 Surplus	 <u>\$ 17,927,642</u>	 <u>\$ 61,908,523</u>

Approved by the Board of Governors


Chair, Board of Governors


Vice President (Administration)

The accompanying notes are an integral part of these financial statements

**Pension Plan for the Academic and Administrative
Employees of the University of Regina
Statement of Changes in Net Assets Available for Benefits
For the Year Ended December 31**

	2008	2007
Increase in Assets		
Change in market values of investments:		
Net realized gain on sale	\$ 4,917,361	\$ 4,807,590
Unrealized appreciation of investments	<u>(45,166,340)</u>	<u>1,773,959</u>
	<u>(40,248,979)</u>	<u>6,581,549</u>
Contributions:		
Employee contributions - Defined Benefit Plan	1,385,249	1,427,752
Employer contributions - Defined Benefit Plan	1,375,994	1,430,332
Employee contributions - Defined Contribution Plan	3,153,517	5,085,857
Employer contributions - Defined Contribution Plan	<u>2,907,343</u>	<u>2,616,021</u>
	<u>8,822,103</u>	<u>10,559,962</u>
Total increase in assets	<u>(31,426,876)</u>	<u>17,141,511</u>
Decrease in Assets		
Plan expenses (Note 6)	1,214,334	1,312,275
Pension benefits - Defined Benefit Plan	7,919,069	7,494,779
Refunds and transfers - Defined Benefit Plan	6,380,095	4,352,433
Refunds and transfers - Defined Contribution Plan	<u>1,140,348</u>	<u>3,006,260</u>
Total decrease in assets	<u>16,653,846</u>	<u>16,165,747</u>
Net Increase in Assets	(48,080,722)	975,764
Net Assets Available for Benefits, Beginning of Year	<u>269,677,523</u>	<u>268,701,759</u>
Net Assets Available for Benefits, End of Year (to Statement 1)	<u>\$ 221,596,801</u>	<u>\$ 269,677,523</u>

The accompanying notes are an integral part of these financial statements

**Pension Plan for the Academic and Administrative
Employees of the University of Regina
Statement of Changes in Accrued Pension Benefits
For the Year Ended December 31**

	2008 (Note 7)	2007 (Note 7)
Accrued Pension Benefits, Beginning of Year	\$ 165,818,000	\$ 167,403,000
Increase in Accrued Pension Benefits:		
Interest on accrued benefits	11,253,000	10,881,000
Benefits accrued	<u>4,190,000</u>	<u>4,884,000</u>
	<u>15,443,000</u>	<u>15,765,000</u>
Decrease in Accrued Pension Benefits:		
Benefits paid	14,782,000	12,232,000
Change in assumptions	(3,318,000)	3,221,000
Experience gain	<u>6,261,000</u>	<u>1,897,000</u>
	<u>17,725,000</u>	<u>17,350,000</u>
Accrued Pension Benefits, End of Year (to Statement 1)	<u>\$ 163,536,000</u>	<u>\$ 165,818,000</u>

The accompanying notes are an integral part of these financial statements

**Pension Plan for the Academic and Administrative
Employees of the University of Regina
Notes to the Financial Statements
December 31, 2008**

1. Summary of Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policy is considered significant.

a) Investments

Investments are comprised of units in a pooled fund called the University of Regina Master Trust. Additional units are acquired when assets are transferred to the Fund and when distributions are made by the Fund. The Plan can realize changes in the underlying unit values by redeeming units.

Units in the Master Trust fund are recorded at fair market value in the accounts at their net asset value per unit. The net asset value per unit is the market value of the pooled fund's investments divided by the total number of units outstanding in the Fund.

The change in net asset value of the Fund during the year is reflected in the Statement of Changes in Net Assets Available for Benefits as Unrealized appreciation of investments.

Investment transactions are recorded as of the trade date.

b) Use of estimates

In preparing the financial statements, management uses estimates and assumptions that primarily affect the reported values of assets and liabilities. Significant estimates are used primarily in the determination of the fair value of investments and investment related receivables in the Master Trust. Significant estimates are also used in the determination of accrued pension benefits. Actual results could differ from those estimates, which may impact the results reported in future periods.

c) Change in accounting policies

Financial instruments – disclosure and presentation

Effective January 1, 2008, the Plan adopted the new "Canadian Institute of Chartered Accountants Section 3862, "Financial Instruments – Disclosures," and Section 3863, "Financial Instruments – Presentation." These sections replace Section 3861, "Financial Instruments – Disclosure and Presentation." The impact of implementing these new standards has been disclosed in Note 5.

Capital disclosures

Effective January 1, 2008, the Plan adopted Section 1535, "Capital Disclosures." The adoption of this new standard had no material impact on the Master Trust's financial statements.

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d) Future accounting policy changes

The Accounting Standards Board of the Canadian Institute of Chartered Accountants has issued an exposure draft to adopt International Financial Reporting Standards (IFRS) effective January 1, 2011. Currently, Pension Plans are not required to convert to IFRS completely, but are to continue to comply with current standards. The Master Trust is monitoring the transition to IFRS and is assessing the impact that the adoption of IFRS will have on its financial statements when conversion is required.

2. Authority for the Plan

Section 62(j) of *The University of Regina Act* provides that the Board of Governors may establish a system of pension or retiring allowances for any or all classes of University officials and other employees.

3. Plan Administration

The Academic and Administrative Pension Plan was established June 30, 1965. In December 1974, the Board of Governors of the University of Regina accepted sponsorship of the pension plan for its employees. The Academic and Administrative Benefits Committee is a sub-committee of the Board of Governor's Human Resources Committee and has the responsibility to administer the Plan according to the terms and provisions of the Plan agreement. The University has appointed, through agreements, investment managers to authorize investments, and a trustee to maintain custody of the plan assets and invest the plan assets as authorized by the investment managers.

4. Description of the Plan

The following description of the Pension Plan for the Academic and Administrative Employees of the University of Regina is a summary only. For more information, reference should be made to the Plan document.

a) General

At December 31, 1999, the Plan was a contributory defined benefit final average pension plan for Academic and Administrative employees who held a permanent, probationary or term appointment, working half-time or more. Eligible employees were required to join the Plan as a condition of employment.

Effective January 1, 2000, a DC (Defined Contribution) component was added to the Plan for new members joining the plan on or after this date.

Plan membership is extended to those employees who qualify from Communities of Tomorrow, Petroleum Technology Research Centre, the federated colleges, Campion and Luther, and continues to be extended to the employees of the Mackenzie Art Gallery and Communities of Tomorrow. There are 962 active members in the Plan.

**Pension Plan for the Academic and Administrative
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b) Retirement Benefits

Defined Benefit Component:

The normal retirement date is the 30th of June coincident with or next following the 65th birthday.

The annual amount of pension is determined as 2% of the Member's highest three-consecutive-year average earnings multiplied by the number of years of credited service. The annual retirement benefit is based on maximum earnings of \$116,667 as outlined in the *Income Tax Act* (Canada).

The normal form of pension is a single life pension payable monthly in arrears with a ten year guarantee. Other options are available on an actuarially equivalent basis.

A member who has a spouse at the time of retirement shall be paid in a joint and 60% survivor form unless the member's spouse has signed a waiver under applicable legislation reducing survivor benefits for the spouse.

A member also has the option of transferring funds as described in d) Termination Benefits or to any other prescribed retirement plan that is registered under the *Income Tax Act* (Canada).

Defined Contribution Component:

The normal retirement date is the 30th of June coincident with or next following the 65th birthday.

Upon retirement, the full value of the DC member's account is transferred to a prescribed retirement plan that is registered under the *Income Tax Act* (Canada).

c) Indexing

Eligible retired members in the DB (Defined Benefit) component may be entitled to a yearly formula-based pension increase. The plan provides post retirement indexing to 100% of the increase in the CPI (Consumer Price Index). The pension increase will commence one year after the Member's deemed retirement date.

d) Termination Benefits

A Member is vested and locked-in immediately upon becoming a Member of the Plan.

Under the DB component, upon termination of employment the Member shall receive a transfer to another registered pension plan, a prescribed RSP, or to purchase a deferred pension from an insurance company that is not commutable or any other retirement plan prescribed by the *Income Tax Act* an amount equal to the greater of the following:

- i) the Member's plus the University's required contributions with interest as at December 31, 1991, with interest to the payment date plus, for service on or

**Pension Plan for the Academic and Administrative
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after January 1, 1992, two times member required contributions with interest, plus, for periods under the Long-term Disability Plan after December 31, 1991, the Commuted Value of benefits earned during such period of disability, or

- ii) the Commuted Value of the monthly retirement benefit.

Under the DC component, upon termination the Member shall receive the market value of the DC account at the date of payment available for transfer to another registered pension plan, or a locked in retirement account, or to purchase an immediate or deferred life annuity, or a combination of these. The value of the DC account is comprised of member and employer contributions along with allocation of investment income. Investment income is defined as investment returns including change in market values less management fees and administration expenses incurred.

e) **Death Benefits**

- i) Prior to Normal Retirement Date

Defined Benefit Component:

Upon death of a member, other than a terminated vested member or a retired member, the Member's spouse or beneficiary shall receive a transfer to another registered pension plan, a prescribed RSP, an Insurance Business to purchase an immediate or deferred pension, paid as a lump-sum cash refund, transferred to a registered retirement savings plan, or a combination of the five, the greater of the following:

- A) the Member's plus the University's required contributions with interest as at December 31, 1991, with interest to the payment date plus, for service on or after January 1, 1992, two times member required contributions with interest, plus, for periods under the Long-term Disability Plan after December 31, 1991, the Commuted Value of benefits earned during such period of disability, or

- B) the Commuted Value of the monthly retirement benefit.

If the Member does not have a spouse, the beneficiary receives the death benefit as a taxable lump-sum payment.

Defined Contribution Component:

Upon death of a Member and if the Member does not have a spouse, the Member's estate or designated beneficiary will receive a taxable lump sum payment of the full value of the DC account less any applicable withholding taxes.

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If the Member has a spouse, the spouse will receive the market value of the DC account which can be transferred to another registered pension plan, a Locked-In Retirement Account, an Insurance Business to purchase an immediate or deferred life annuity, or a combination of the three.

ii) After Retirement

Upon the death of a retired DB member, benefit payments, if any, shall be continued in accordance with the benefit payment option elected by the member at the time of retirement.

f) Member's Contributions and Funding Policy

Defined Benefit Component:

In accordance with the Plan document, the following amounts shall be contributed with respect to each member:

1. 13% of the Member's Contributory Earnings.

At least 50% of such contributions shall be made by the Employer. The balance shall be retained at source from the Member's earnings.

Defined Contribution Component:

In accordance with the Plan document, the following amounts shall be contributed with respect to each member:

1. 6.5% of the Member's Contributory Earnings.

Contributions by the Employer shall be made on an equal basis. The required contributions shall be deducted from the Member's earnings by the Employer.

g) Interest Rate Credited

Defined Benefit Component:

Since December 31, 1995, active member and University contribution balances are credited interest each year such that the total member and University contribution balance with interest is the greater of:

- i) the member and University contribution balance at December 31, 2007 credited with the average for the year of the yields of five-year personal fixed term chartered bank deposit rates (CANSIM, Series B-14045); and
- ii) the member and University contribution balance at December 31, 2007 credited with the geometric four-year average net rate of return for the fund less 0.5%.

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Defined Contribution Component:

Since December 31, 1995, active member and University contribution balances are credited interest each year based on the actual investment performance net of expenses in the year, as approved by the Academic and Administrative Benefits Committee.

h) Members on Disability

Defined Benefit Component:

Periods during which a member is in receipt of disability benefits provided from the Long Term Disability Plan of the University count as pensionable service. Employer and employee contributions continue during periods the employee is in receipt of disability benefits.

Defined Contribution Component:

The Plan continues the employer and employee contributions for periods during which a Member is in receipt of disability benefits from the Long Term Disability Plan of the University.

5. Financial Instruments

The Plan's significant financial instruments consist of accounts receivable, accounts payable, and investments.

Contributions Receivable and Accounts Payable

The contributions receivable and accounts payable are non-interest bearing financial instruments and are due or payable within the next year. Due to this short-term maturity, the fair value of these financial instruments approximates carrying value.

Investments

Effective December 1, 1995, the assets of the University of Regina's Academic and Administrative Employees and the Non-Academic Pension Plans were combined into a pooled fund called the Master Trust to improve investing opportunities. Each plan holds units in the Master Trust rather than holding individual investments. For more information, reference should be made to the Master Trust Agreement.

The total assets of the Master Trust on December 31, 2008 is \$276,944,364. The Unitholders' Equity at December 31, 2008 is:

Academic & Administrative Employees' Pension Plan	\$ 221,728,814
Non-Academic Employees' Pension Plan	<u>55,215,550</u>
	<u>\$ 276,944,364</u>

**Pension Plan for the Academic and Administrative
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The investment objectives of the Plan are to ensure there are sufficient assets to meet future pension obligations and to generate sufficient cash flow to meet pension payments. Due to the long-term horizon of the Plan's liabilities, the Master Trust takes a long-term investment perspective.

As a result, the following risks of the Master Trust are also risks of the Plan.

Based on the investment objectives set by the participating pension plans, the Master Trust invests cash flows from the pension plans. The nature of the Master Trust's operations results in a statement of net assets that consists primarily of financial instruments. The risks that arise are market risk, (consisting of interest rate risk, foreign exchange risk and equity price risk), credit risk and liquidity risk.

Significant financial risks are related to the investments. These financial risks are managed by having an investment policy, which is approved by the Board of Governors. The investment policy provides guidelines to the Master Trust's investment managers for the asset mix of the portfolio regarding the quality and quantity of fixed income investments, real estate and equity investments. The asset mix helps to reduce the impact of market value fluctuations by requiring investments in different asset classes and in domestic and foreign markets. Derivatives (such as options, futures, and forward contracts) are allowed within the Master Trust to protect against losses from changes in exchange rates and market indices; and for non-hedging purposes, as a substitute for direct investment. The investment policy prevents the use of derivatives for speculative trading or to create a portfolio with leverage.

a) Market Risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and equity prices. Market risk primarily impacts the value of investments.

Interest Rate Risk:

Interest rate risk refers to the adverse consequences of interest rate changes on the Master Trust's cash flows, financial position and income. This risk arises from short-term changes in nominal interest rates that cause differences in the timing and amount of cash flows related to the investments. Interest rate risk is managed by investing in fixed income investments (short-term investments, bonds and debentures, mortgages) of various durations. It is estimated that a 100 basis point increase/decrease in interest rates would decrease/increase the value of the fixed income investments by \$ 6,820,000 at December 31, 2008, representing 5.89% of the \$115,816,258 fair value of these investments in the Master Trust.

Foreign Exchange:

The Master Trust is subject to changes in the U.S/Canadian dollar exchange rate for US denominated investments. Also, the Master Trust is exposed to EAFE

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(Europe, Australasia and Far East) currencies through its investment in the pooled Non-North American equity fund. Exposure to US equities and Non-North American equities is limited to a maximum 23% each of the total of the fair value of the total investment portfolio. At December 31, 2008 the Master Trust's exposure to US equities was 18.6% (2007 – 18.5%) and its exposure to Non-North American equities was 15.1% (2007 – 18.0%).

At December 31, 2008, a 10% appreciation in the Canadian dollar versus US dollar exchange rate would result in approximately a \$ 5,100,000 million decrease in investments in the Master Trust. A 10% weakening in the Canadian dollar versus EAFE currencies would result in approximately a \$ 4,200,000 million increase in investments in the Master Trust.

No more than 10% of the fair value of the bond and debentures portfolio shall be invested in bonds of foreign issuers.

Equity Prices:

	Market Value – Master Trust	
	2008	2007
Common Shares and Pooled Funds – Canadian	\$44,912,822	\$ 49,787,719
Pooled Funds – Foreign	93,022,966	123,137,128
	<u>\$137,935,788</u>	<u>\$ 172,924,847</u>

The Master Trust is exposed to changes in equity prices in Canadian, US, and EAFE markets. Equities, including equity pooled funds, comprise 49.94% (2007 – 51.30%) of the fair value of the Master Trust's total investments. Individual stock holdings are diversified by geography, industry type and corporate entity. No one investee or related group of investees represents greater than 10% of the fair value of the Master Trust's total investment portfolio. As well, no one holding represents more than 10% of the voting shares of any corporation. Investments in pooled funds do not exceed 10% of the fair value of that fund.

The following table indicates the approximate change that would be expected to the total investment portfolio based on changes in the Master Trust's benchmark indices as at December 31, 2008:

	10% increase	10% decrease
Canadian Equities	\$ 4,500,000	\$ (4,500,000)
US Equities	\$ 5,100,000	\$ (5,100,000)
EAFE Equities	\$ 4,200,000	\$ (4,200,000)

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b) Credit Risk

Credit risk arises from the potential for an investee to fail or for a counterparty (e.g. mortgager) to default on its contractual obligations to the Master Trust. The Master Trust limits the credit risk by dealing with counterparties that are considered to be high quality. The credit ratings used to describe the investments below are based on the Dominion Bond Rating Service and/or the Standard and Poor's Bond Rating Service.

Short-Term Investments

These investments are comprised of a pooled fund that holds investments mainly in corporate bonds and debentures with effective interest rates of 1.4601% to 4.1008% (2007- 3.9103% to 5.5600%) and maturing within 2 to 154 days (2007 - 2 to 156 days). The investment policies of the participating pension plans state that investments must meet a minimum investment standard of "R-1", as rated by a recognized credit rating service.

Bonds and Debentures

The investment policies of the participating pension plans state that the minimum quality standard for individual bonds and debentures is 'B' as rated by a recognized bond rating agency at the time of purchase, and sets limits to the maximum notational amount of exposure with respect to any one issuer. Bonds rated 'BBB', 'BB' and 'B' may not be purchased if the purchase would raise holdings rated 'BBB' to 'B' inclusive to more than 15% of the fair value of the bond portfolio, with bonds rated below 'BBB' not to exceed 5% of the fair value of the bond portfolio at the time of purchase.

The Master Trust holds the following investments in bonds and debentures:

Years to Maturity	2008						2007		
	Federal	Provincial	Pooled Funds	Total Fair Value	Yield to Maturity at Fair Value	Coupon Rate	Total Fair Value	Yield to Maturity at Fair Value	Coupon Rate
Under 5	\$ 654,626	296,246	66,672,613	67,623,485	0.7068%-6.7181%	3.75% - 4.75%	\$ 80,877,918	3.4111%-5.7802%	3.55%-4.80%
5 - 10	-	6,512,607	-	6,512,607	3.7387%-4.2184%	4.2% - 4.5%	8,599,721	4.4182%-4.551%	4.30%-4.65%
Over 10	2,126,971	26,191,380	-	28,318,361	3.5127%-5.5791%	2.0% - 8.5%	25,093,440	4.0956%-5.6316%	5.60%-8.50%
Market Value	\$ 2,781,597	33,000,243	66,672,613	102,454,453			\$ 114,571,079		

Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

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Credit ratings for bonds in the Master Trust are as follows:

Credit Rating	2008		2007	
	Fair Value	Make up of Portfolio (%)	Fair Value	Make up of Portfolio (%)
AAA	\$ 8,736,807	8.53%	\$ 28,904,440	25.23%
AA	62,257,783	60.76%	67,445,689	58.87%
A	26,635,980	26.00%	12,963,590	11.31%
BBB	4,811,680	4.70%	4,864,010	4.25%
BB & Below	<u>12,203</u>	<u>0.01%</u>	<u>393,350</u>	<u>0.34%</u>
Total	\$102,454,453	100.00%	\$114,571,079	100.00%

Within bond investments there are no direct holdings other than the Government of Canada or a Canadian province. No one holding of a province is over 27.10% of the fair value of the bond portfolio. Securities of the Master Trust may not be loaned except within pooled funds where the pooled fund policy permits securities lending.

Real Estate

The Master Trust holds \$22,428,279 (2007 - \$22,668,927) in real estate. This represents 8.12% (2007 - 6.72%) of total investments. The investments in real estate consist of Canadian commercial property.

Mortgages

The investment policies of the participating pension plans state the investments in mortgage can be mortgages secured against Canadian real estate, mortgage-backed securities, or asset-backed securities

c) Liquidity Risk

Liquidity risk is the risk that the Master Trust is unable to meet its financial obligations as they fall due. Cash resources are managed on a daily basis based on anticipated cash flows.

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6. Plan Expenses

	2008		2007
	Budget	Actual	Actual
Actuarial and consulting services	\$357,870	\$182,242	\$182,344
Administration	188,885	158,758	140,166
Investment management	882,500	737,791	842,181
Trustee fees	150,000	135,543	147,584
	<u>\$1,579,225</u>	<u>\$1,214,334</u>	<u>\$1,312,275</u>

7. Accrued Pension Benefits

Aon Consulting Inc., a firm of consulting actuaries, performed an actuarial valuation as at December 31, 2007 and extrapolated this to December 31, 2008. The actuary used the projected benefit method prorated on services and best estimate assumptions approved by the Benefits Committee. Significant long-term assumptions used in the valuation and extrapolation were:

	as at December 31	
	2008	2007
Salary/YMPE increases	3.0%	3.0%
Inflation rate	2.5%	2.5%
Discount rate	6.75%	6.75%
Indexing	2.5%	2.5%

Mortality tables used were the UP 1994 projected to 2020 (2007- UP 1994 projected to 2008).

The actual rates may vary significantly from the long-term assumptions used. During the year, the experience gain of \$6,261,000 was due to interest credited on contributions balances different than assumed.

The Plan Document states that any excess surplus shall be used to reduce the contributions of the University and members equally, or used for the benefit of the members and their beneficiaries. Any use of surplus to reduce contributions of the University must be negotiated with the members as part of the collective agreements. Any use of surplus would be for the benefit of the members and their beneficiaries.

Upon termination or death of a member, the member, beneficiary or spouse shall receive a transfer as described in notes 4 (d) and (e). The December 31, 2008 actuarial present value of accrued pension benefits shown in Statement 3 contains \$2,559,356 (2007 - \$1,080,319) related to such inactive members. The DC part of the Plan also contains \$1,161,028 (2007 - \$947,087) related to inactive members. The University is attempting to transfer these amounts, but it is unknown how soon this will be accomplished as the transfer is dependent upon decisions to be made by the member, beneficiary or spouse.

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The following illustrates the impact that changing certain assumptions by plus or minus 1% would have on the accrued liabilities for the defined benefit component. The discount rate is equal to the inflation rate plus a real rate of return. The salary, YMPE, and *Income Tax Act* Maximum Pension increase equals the inflation rate plus 1.0%. Thus changing the inflation rate by plus/minus 1% will automatically increase/decrease the discount rate and the Salary, YMPE, and *Income Tax Act* Maximum Pension increase assumptions by 1%.

Assumption:	Adjusted Assumption (Change Made):	Change in Accrued Liability	Percentage Change in Accrued Liability
Discount rate	7.75% (Plus 1%)	(\$15,140,000)	(9.26%)
	5.75% (Minus 1%)	\$19,909,000	12.17%
Salary, YMPE, and <i>Income Tax Act</i> Maximum Pension increase	4% (Plus 1%)	\$3,695,000	2.26%
	2% (Minus 1%)	(\$3,173,000)	(1.94%)
Inflation rate	3.5% (Plus 1%)	(\$3,273,000)	(2.00%)
	1.5% (Minus 1%)	\$3,504,000	2.14%

The pension obligation is long-term in nature. The Plan has no intention of settling its pension obligation in the near term and there is no market for settling its pension obligation. Therefore, determination of the fair value of the pension liability is not practical.

8. Investment Performance

The University has retained Phillips, Hager & North Ltd. as investment manager of the majority of the investments in the Master Trust. The University also contracts with Templeton Management, Bentall Investment Management, and Barclay's Global Investors to be investment managers of specific types of investments in the Master Trust.

These investment managers make the day-to-day decisions of whether to buy or sell specific investments in order to achieve the long-term investment performance objectives set by the Plan. It is these long-term investment performance objectives that are used to assess the performance of the investment managers.

The primary long-term investment performance objective for the entire Master Trust portfolio is to out-perform a benchmark portfolio with weightings as follows:

**Pension Plan for the Academic and Administrative
Employees of the University of Regina
Notes to the Financial Statements
December 31, 2008**

<u>Asset Class</u>	<u>Representative Index</u>	<u>Weight</u>
Canadian equities	S&P/TSX Composite Index	16 %
U.S. equities	S&P 500 Index (Cdn \$)	7
U.S. equities	S&P 500 Index - Hedged	7
Non-North American equities	MSCI EAFE Index (Cdn \$)	15
Global equities	MSCI World Index (Cdn \$)	10
Real Estate	Investment Property Databank	10
Bonds	DEX Universe Bond Index	33
Short-term investments	91-day T-Bills	<u>2</u>
		<u>100 %</u>

The University engages the services of Hewitt Associates, asset management consultants, to provide advice on the overall management of the Plan's investments and on the measurement of the Plan's performance. Hewitt Associates reports to the Joint Academic and Administrative and Non-Academic Benefits Committee quarterly on the investment performance in terms of the performance of the benchmark portfolio over moving four-year periods.

The one year investment objective (the return of the benchmark portfolio) was -15.0% (2007 - 2.3%). For the year ending December 31, 2008, the Master Trust had a gross rate of return of -15.2% (2007 - 2.5%). For the four years ending December 31, 2008, the Master Trust had an annualized gross rate of return of 1.9% (2007 - 8.8%). The investment objective (the return of the benchmark portfolio) was 2.0% (2007 - 8.4%).

9. Related Parties

The Plan is related to the University of Regina and other pension plans sponsored by the University. The University pays all plan expenses, pension benefits and refunds and transfers on behalf of the Plan, and then is reimbursed by the Plan. Contributions for Communities of Tomorrow, Petroleum Technology Research Centre, the federated colleges and MacKenzie Art Gallery are calculated and collected through the University's payroll process.